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News Release

For Immediate Release: November 5, 2009

Durham Performing Arts Center Exceeds First-Year Financial Expectations

DURHAM, N.C. – After only eight months of operation, the Durham Performing Arts Center (DPAC) earned \$401,706 for the City of Durham, more than four times the first full-year expectations.

That's according to the draft audited financial statement for period ending June 30, 2009, released today by the City, which owns the facility. "That's truly great news for Durham, especially in light of today's economy," said City of Durham Mayor William V. "Bill" Bell. "Our first season has been undeniably successful. The management of DPAC, in addition to operating in a first-rate facility, has found the right combination and diversity of performances that attract people from throughout the region, and the numbers show that."

"Nederlander and PFM are pleased with how audiences have quickly embraced DPAC," said DPAC General Manager Bob Klaus. "Our mission for presenting unique, one-of-a-kind live entertainment events has connected with Broadway, concert, and comedy fans and really established our brand in the market. When you add to that our reputation for world-class hospitality, you create an experience for audiences where the biggest stars shine even brighter when onstage for a DPAC event."

(More)

Nederlander and Professional Facilities Management, Inc., operators of DPAC, specialize in operating performing arts and entertainment facilities in America and worldwide. "It's a remarkable achievement for this public-private partnership to achieve positive results in just its first eight months of operation. We are pleased with our first year's financial results and are proud of our teamwork with the City and the other important stakeholders and contributors to this project," said Nick Scandalios, executive vice president of The Nederlander Organization.

According to the financial statement, the Durham Performing Arts LLC generated a net income of \$1,004,265, of which, pursuant to the operating agreement with the City, 40 percent, or \$401,706, is to be shared with the City. Most of the overall income was generated by ticket sales, rental income, and concessions totaling nearly \$7.9 million, with most of the expenses involving stage show costs amounting to more than \$5.6 million. Other expenses were administrative related to building operations, including utilities and other operational costs. During the first year of operation, Nederlander and PFM loaned DPAC about \$100,000 to cover pre-opening and marketing expenses of the facility, as per the operating agreement. That amount will be deducted from the final remittance to the City.

The success of DPAC is thanks to a strong public-private partnership, said Bell. "The Durham Performing Arts Center is an asset to the City and the region, and thanks to the support of citizens, visitors, patrons and sponsors, the facility is something that we all should be proud of. With the great line up of shows, including *Phantom of the Opera* and *Wicked* for the coming season, it looks like DPAC is well on its way to continuing its success in 2010," Bell said.

For more information about DPAC, visit www.dpacnc.com.

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As per your request the following are the draft financial statements of Durham Performing Arts Center, LLC for the eight months ended June 30, 2009. These statements are for management purposes only and are to be distributed to the City of Durham for review per the operating agreement.

If you have any questions regarding these financial statements please contact us.

Sincerely

Jack Zwick

A handwritten signature in black ink, appearing to be 'Jack Zwick', is written over a horizontal line.

DURHAM PERFORMING ARTS CENTER L.L.C.
FINANCIAL STATEMENT
FOR THE EIGHT MONTHS ENDED JUNE 30, 2009

DURHAM PERFORMING ARTS, L.L.C.
FOR THE EIGHT MONTHS ENDED JUNE 30, 2009

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Independent Accountants' Audit Report

Board of Directors
Durham Performing Arts Center, L.L.C.
Providence, Rhode Island

We have audited the accompanying balance sheet of Durham Performing Arts Center, L.L.C. as of June 30, 2009 and the related statements of income, members' equity and cash flows for the eight months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Durham Performing Arts Center, L.L.C. as of June 30, 2009, and the results of its operations and cash flows for the eight months then ended in conformity with accounting principles generally accepted in the United States of America.

Southfield, Michigan
October 8, 2009

DURHAM PERFORMING ARTS CENTER, L.L.C.

BALANCE SHEET

JUNE 30, 2009

ASSETS

	<u>2009</u>
Current assets	
Cash and cash equivalents	\$ 2,392,831
Accounts receivable	1,135,844
Prepaid expenses	<u>230,652</u>
Total current assets	3,759,328
	<u>\$ 3,759,327</u>

LIABILITIES AND MEMBERS' EQUITY

Current liabilities	
Accounts payable	\$ 680,721
Loans payable, related party	42,966
Accrued liabilities	53,117
Advance ticket sales	<u>2,379,964</u>
Total current liabilities	3,156,768
Members' equity	<u>602,559</u>
	<u>\$ 3,759,327</u>

See notes to financial statements

DURHAM PERFORMING ARTS CENTER, L.L.C.

STATEMENT OF INCOME

EIGHT MONTHS ENDED JUNE 30, 2009

	<u>2009</u>
Ticket sales	\$ 6,492,532
Other revenue	<u>1,468,003</u>
	7,960,535
Stage show costs	<u>5,682,866</u>
Gross profit	2,277,669
General and administrative expenses	<u>1,287,499</u>
Income from operations	990,170
Other income	
Interest income	<u>14,095</u>
Net income before management fee	1,004,265
Management fee	<u>401,706</u>
Net Income	<u>\$ 602,559</u>

See notes to financial statements

DURHAM PERFORMING ARTS CENTER, L.L.C.

STATEMENT OF MEMBERS' EQUITY

EIGHT MONTHS ENDED JUNE 30, 2009

	<u>2009</u>
Balance, beginning	\$ -
Net income for the year	602,559
Distributions to members	<u>-</u>
Balance, ending	<u>\$ 602,559</u>

See notes to financial statements

DURHAM PERFORMING ARTS CENTER, L.L.C.

STATEMENT OF CASH FLOWS

EIGHT MONTHS ENDED JUNE 30, 2009

	<u>2009</u>
Cash flows from operating activities:	
Net income	\$ 602,559
Adjustments to reconcile net income to net	
Cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) Decrease in accounts receivable	(1,135,844)
(Increase) Decrease in prepaid expenses	(230,652)
Increase (Decrease) in accounts payable	680,721
Increase (Decrease) in accrued liabilities	53,117
Increase (Decrease) in advanced ticket sales	<u>2,379,964</u>
Total adjustments	<u>1,747,306</u>
Net cash provided by operating activities	<u>2,349,865</u>
 Cash flows used in financing activities:	
Loans due to related parties	<u>42,966</u>
 Net cash used in financing activities	<u>42,966</u>
Net increase (decrease) in cash and cash equivalents	2,392,831
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 2,392,831</u>

See notes to financial statement

DURHAM PERFORMING ARTS CENTER, L.L.C.

NOTES TO THE FINANCIAL STATEMENTS

EIGHT MONTHS ENDED JUNE 30, 2009

1. Summary of significant accounting policies:

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Business activity:

Durham Performing Arts Center, L.L.C. (the "Company") is a limited liability company, which was formed under the laws of the State of Delaware. The Company was formed to operate an entertainment facility for theatre attractions in Durham, North Carolina. The Company presently has a term life of five years, with a unilateral extension of five years with members consent.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash equivalents:

The Company considers all short-term investments with maturity of three months or less to be cash equivalents.

Receivables:

Accounts receivable are reported at the invoiced amount and do not bear interest.

Stage show and partnership investments:

Stage show and partnership investments are accounted for using the equity method of accounting.

Revenue recognition:

Stage show revenue and theatre rental income, and the related stage show costs, are recognized after the conclusion of the last performance of the week.

DURHAM PERFORMING ARTS CENTER, L.L.C.

NOTES TO FINANCIAL STATEMENTS

EIGHT MONTHS ENDED JUNE 30, 2009

1. Summary of significant accounting policies: (Continued)

Advertising costs:

Advertising costs related to a specific performance of a show that performs for less than 20 weeks are expensed at the time of the performance of the show. For shows that perform in excess of 20 weeks, advertising costs are expensed in the month in which the invoices are received from the vendors. Total advertising expense amounted to \$704,052 for the eight months ended June 30, 2009.

3. Related party transactions:

Loans to and from affiliates represent advances between the Company and other entities controlled by one or more of the members. The loans are non-interest bearing. They are due on demand.

Loan payable, related parties:	<u>2009</u>
Professional Facilities Management/JN Worldwide	(<u>42,966</u>)
	(\$ <u>42,966</u>)

4. Income Taxes:

No provision has been made for income taxes for the Company, since such taxes, if any, are the liability of the individual members.

5. Concentration of credit risk:

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash on deposit with local financial institutions. These funds were on deposit in accounts at institutions insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2009, the excess of the insured amounts (\$250,000) were approximately \$1,800,000.

DURHAM PERFORMING ARTS CENTER, L.L.C.

NOTES TO FINANCIAL STATEMENTS

EIGHT MONTHS ENDED JUNE 30, 2009

6. Other revenue:

Other revenue consists of the following amounts:

	<u>2009</u>
Sponsorships	\$ 237,340
Facility Fees	149,686
President's Club	135,351
Concessions	219,548
Reception's	875
Novelties	32,503
Program Books	10,338
Building Rental	114,155
Service Charges	529,075
Rental Events	<u>39,132</u>
	<u>\$ 1,468,003</u>

7. Management fee:

Pursuant to the operating agreement, the Company is obligated to distribute 40% of its profit to the City of Durham as a management fee. The management fee amounts to \$401,706 for the eight months ended June 30, 2009.